DROP SHIPPING
SPEED BUMPS

HOW TO OVERCOME COMMON DROPSHIPPING HURDLES SO YOU CAN BUILD A **PROFITABLE E-COMMERCE BUSINESS!**

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Introduction

Imagine how much money you could make if you could set up a fully-stocked e-commerce store that features thousands of products without having to invest any money upfront, worry about inventory, or shipping?

If this sounds like something you'd be interested in, then drop shipping is **<u>exactly</u>** what you've been looking for.

With drop shipping, most of the heavy-lifting has been done for you. In fact, not only is it one of the **easiest business formats** to get involved in, but it's also one of the lowest-cost startup solutions you'll ever find.

With drop shipping:

1. **You don't need to invest any money upfront for inventory**. Your customer pays you for their order, and then you submit that request to the drop shipper who takes care of everything else!

2. **You don't have to worry about tedious, time-consuming paperwork** like you do when buying wholesale. Most wholesalers require you to have paperwork such as articles of incorporation, a business license, and/or a tax ID number, but drop shippers do not.

3. **You don't need to take up space in your home or office**, or invest in warehouse space to store your inventory because you'll never have to worry about any of that! Your drop shipper handles everything.

4. **You don't have to worry about packing and shipping products**, because none of that is your responsibility! You simply forward the orders received and the rest is out of your hands.

Of course, like anything, drop shipping can have a few downsides, as well. For example, you must depend on the drop shipping company to send out the correct item, package it carefully, send it quickly, and make sure the customer is satisfied.

Fortunately, there are ways to mitigate, and in many cases, eliminate most of these issues, and that is exactly what we are going to focus on in this special report.

So, let's get started!

Avoiding Scams

Before we dive into some of the important components of becoming a successful drop shipper, let's talk about a few things you need to be aware of so you can avoid becoming a victim of a drop shipping scam.

Upfront payments or monthly fees:

You'll want to avoid any drop shipping company or opportunity that requires monthly fees or any upfront payment. These opportunities typically provide little value because they rely on the incoming monthly payments as their main source of income rather than focusing on helping you connect customers with high-quality products.

Profit Margins:

Pay attention to how your drop shipper determines product pricing. In order to make money you'll want to look for products that are priced much lower than retail value otherwise you'll struggle to generate enough of a profit for it to be worth your while.

Consider their return policy:

Make sure that you thoroughly research any drop shipping company

you are considering and pay special attention to their return policy. You want to be sure that the company you choose allows for product returns because otherwise, you'll be responsible for handling those return requests.

There's a very-detailed article on how to choose a professional drop ship company that will work best for you at: https://dropshippulse.com/drop-shipping-business-model-right-for-you/

I suggest you take a few minutes to read the information found on Drop Ship Pulse and bookmark it for future reference. They offer a ton of free information on getting started in drop shipping, including a list of drop ship directories and aggregators so you can get started quickly.

Here's the link to their main page: http://www.DropShipPulse.com

Reducing Returns

Returns are probably the biggest problem you will ever face with drop shipping, because many drop shippers either don't accept returns, take a long time to ship items, or require you to pay for another item to ship to the customer instead of accepting the item back and then sending out a replacement.

There are a few ways to combat this, and we're going to talk about some of the best methods for reducing returns.

What Causes Returns

There are three main reasons people return items. There may be occasional situations that fall outside these three main areas, but these situations will likely be quite rare, so we are going to focus only on the most common causes.

1. **Buyer error.** This happens when buyers don't read the description properly, choose the wrong size or color, etc. Your supplier probably won't accept refunds due to buyer error, so it's important to have a clear policy in place for situations such as these.

   It's a good idea to accept all returns, because this will create loyal buyers, but you may want to charge your customer for the return shipping on the item since it wasn't your fault they made a mistake.

2. **Description error.** If there is an error in the description, it is ultimately your fault. Even if the description came straight from the supplier, it is up to you as the owner of your website to check all descriptions for accuracy before publishing an item for sale. So if a buyer receives the wrong item, always accept responsibility, even if you feel it isn't your fault.

3. **Damaged or defective item**. Most suppliers will accept returns for damaged or defective merchandise. If they don't, you shouldn't be working with them. When you receive a complaint about damaged or defective merchandise, don't ask the customer to pay

any sort of shipping fees, and make the return as easy as you possibly can.

Returns are going to happen, no matter what steps you take. They're just a fact of doing business. But there are ways to reduce returns, and the key is looking at the three reasons people typically return merchandise, and how to mitigate those as much as possible.

Now, let's move on to the next section, which is where we will start looking at simple ways to reduce returns.

Choosing the Right Supplier

It's especially important to choose the right drop shipping company right from the start in order to make everything go as smoothly as possible. So, let's talk about some ways to choose the best supplier for your needs. Choosing the right company is probably the single most important thing you can do to make your business run as smoothly as possible, especially when it comes to returns.

First, always use a supplier in your home country, if possible. There may be times when this isn't a possibility, because the suppliers in your

company may be overpriced, have certain restrictions, won't ship to other countries, or there may not be a supplier that has what you need in your country.

If you use a supplier in China, for example, shipping times will be longer and there may be more mistakes in the ordering process. But Chinese companies often have drastically lower prices than other suppliers, which can often outweigh those occasional issues.

If you <u>must</u> use an overseas supplier, be sure they have a good reputation, have reasonable shipping costs to the countries you want to do business in, and have a good return policy.

If you cannot find information about a company online, be sure to place a few test orders and have them sent to your address to be certain the orders are fulfilled correctly, that shipping costs aren't too high, and that your order arrives in a timely fashion.

It's <u>critical</u> to understand a supplier's return policy before you decide to do business with them, as this can be one area that can make or break your company. It's important to find out such information as:

- Does the company accept returns, and if so, under what conditions?

- What is the time limit for returns?

- Do they charge restocking fees for returns, and if so, how much?

- Do you have to pay return shipping fees?

- Do they accept returns on orders where they sent the wrong size or made another error?

You'll need to know these things in order to make your own return policy. Be sure you follow the return policies of your <u>strictest</u> supplier, so if you have three suppliers, and one will accept returns for 60 days, one for 30, and one for 15, yours should be 15. You might even want to give yourself a little wiggle room and knock a few days off, just in case. This will help you account for shipping delays and such.

If one supplier's restocking fee is 20%, one is 10%, and one has none, you should use the highest—20%. You can always refund part of the restocking fee if a particular supplier doesn't charge your customer one.

It's also a good idea to NOT put your address for returns on your website, because you may need to have the customer send the product

directly to the supplier, or you may need to have the customer send the product to you instead. So, tell customers to contact you if they need to return an item, and you can give them the appropriate address to send the product to.

Also, be sure you clearly state that all returns over a certain value MUST include a tracking number. This will help you avoid issues with customers saying they sent the product back when they didn't, or items being lost in transit. This is especially important for more expensive items, but you may not want to require this for cheaper items since the tracking could cost more than the item itself.

If the item was defective or damaged, or if the company sent the customer the wrong item, be sure to refund any return shipping costs to the customer.

Simply ask for a receipt for their shipping costs and send them a refund. It isn't fair to expect the customer to accept the burden of paying for return shipping on an item that was not what they ordered.

Use Accurate Descriptions

Another way to reduce returns is to make sure you always use accurate descriptions and photos when you add products to your store. One of the biggest causes of returns is when a buyer receives a product that isn't exactly like it was described on your store.

Sometimes this happens because the supplier gives you the wrong description, which is a very good reason to order every product you sell yourself before you decide to put it on your store. This lets you check out the order and shipping process, product quality, and accuracy of description ahead of time.

To make sure you have the best possible descriptions, make sure to add any of the following elements that are applicable to the product you are adding:

1. Accurate sizing charts for wearable items. Provide sizing charts in both inches and centimeters to make sure buyers from around the world can find their size. Don't forget to include instructions for measuring, too. Many people don't know how to do it properly.

2. Multiple pictures from different angles and with details. Don't forget that items can look surprisingly different from varying angles, so it's a good idea to show multiple angles and close-ups of important elements.

3. Go in-depth with your description. Try to include as much detail as you can about the product when you write the description. Anticipate potential questions and answer them in the description. This not only helps reduce returns, but also helps reduce customer service issues where people write in to ask questions about a product before they buy.

4. Write unique descriptions. Don't just use cut-and-paste from the vendor's website, or import products with a CSV file and not change anything. Not only will your SEO suffer, but the descriptions may not be accurate. Make your descriptions as unique as possible.

5. Include warnings, if necessary. If you have a product that may have downsides for some users, be upfront. For example, if you have a product that contains a known allergen, state this in the

description in bold text. It's better to lose a sale than to have to deal with a return later.

Do NOT simply post items and descriptions directly from your supplier without checking them carefully for accuracy! Sometimes suppliers outsource the writing of item descriptions, or they hire individuals whose first language is not English to write them, and they end up with inaccurate descriptions or text that cannot be understood.

Always check every description carefully before it goes live on your site, even if you are importing thousands of products via CSV. It's a lot of work, but it will save both you and your customers a lot of hassle in the long run.

Handling Returns

Returns can be tricky when it comes to drop shipping. The customer has already waited for shipping, which can be rather long if you are stuck using a company that ships from overseas.

Then they discover they have a problem and are unhappy. You want to solve these types of issues as quickly as possible to keep customers happy, but it's not always reasonable to send out another item before the return comes in, especially if the product is expensive.

So, let's look at a few ways you can handle returns and keep your customers as happy as possible.

First, it's not usually a good idea to deny returns. This can lead to chargebacks, which could result in you losing your ability to process credit cards. However, there have been some companies that have done this successfully.

For example, Zulily is a popular app that promises rock-bottom prices, but they are very clear in their policies that tell customers that shipping

times may be long, and that they do not accept returns. They have built a very strong company on this philosophy, and they did it by being completely transparent and forthcoming. They didn't try to hide anything from their customers. They do have their naysayers who don't like their no-returns policy, but they have built a strong customer base through their honesty. It works for them.

So, if you are going to have a no-returns policy, be certain to present it to customers in a way that it can't be missed, and let them know it's one way you keep prices as low as possible for them.

If you're using an overseas supplier that has long shipping times, you might want to keep a small number of the most popular or expensive items on hand in case of returns so you can send out a replacement quickly, without having to wait for shipping from overseas.

This way, you can have the customer send their return to you instead of back to the company overseas, and you can quickly send out a replacement as soon as you receive their return. Then you can either send the item back to the company for a refund, or you can keep it and send it to another customer if it is in new condition.

This is a good reason to start out with products that are priced on the lower end, and to keep the range of products available on your site relatively low. Imagine a customer ordering $300 worth of merchandise and returning it. You might have to eat the cost by either shipping the return merchandise to the customer at your expense, or issuing a refund, both of which cost you money.

Third-Party Logistics

Another option for handling returns is using a third-party logistics company, also known as 3PL. A 3PL is a company that handles product shipments, returns, etc. It's estimated that 86% of Fortune 500 companies and 96% of Fortune 100 companies use third-party logistics services.

This is because they don't specialize in logistics themselves, and it makes more sense to outsource it to companies that already have these procedures in place than to try to develop their own systems from scratch.

Don't wait until your company has grown so large that it becomes difficult to merge your own logistics with a 3PL company. If you're

fulfilling 10-20 orders per day, it's already time to start looking into this type of system.

Of course, you may not want to have a 3PL handle the entire logistics process for you. This usually requires purchasing products upfront and sending them to the company's warehouse, which is more of an investment than the average retailer using drop shipping can handle.

However, there's a company that is making is much easier for companies that use drop shipping to accept and process returns. It's called Returnly, and they specialize in handling returns for companies.

>> http://www.returnly.com

Returnly integrates seamlessly with many different Shopping Cart platforms, including Shopify, ShopifyPlus, Magento, Salesforce, and more.

Returnly takes the difficulty out of managing returns and puts it into your customer's hands. Your customer can submit their return online and manage the entire customer process themselves, and Returnly will manage the logistics of the return.

You will have to have a credit card on file with Returnly so they can

charge it for returns and shipping and such. You can set your own

return policies, which Readly will honor, so you can prohibit returns on

certain items, create your own custom return windows, etc.

Refunds & Chargebacks

it is inevitable that you will run into situations where customers will request refunds instead of exchanges, or may even request a chargeback with their credit card provider.

This is obviously not ideal, as you will have to return the customer's money with no guarantee that the product they send back to you will sell, and some drop shipping companies do not accept returns unless the product was incorrect or defective.

Chargebacks are even worse, because they can affect your ability to process payments if you get too many of them.

For this reason, it's very important to have a clear return policy in place, but to go out of your way to keep customers happy if you can. Even if you have a policy that does not allow returns, it's probably a good idea to honor returns from customers who are very unhappy in order to prevent a potential chargeback and to prevent loss of merchandise.

If your customer is unhappy and wants to return a product, denying the return will mean you lose the money AND the product. If you allow the return, you may lose the money, but you will get the product back and avoid a chargeback.

Returns are never ideal, but they are much easier to deal with than a chargeback. Remember, denying a return will potentially cost you both the money AND the product, whereas allowing the return will at least get you the item back to sell again or send back to the supplier.

Be sure to keep very detailed records of purchases, returns, and communication with buyers. This way, you have at least some sort of defense in the event that a customer tries a chargeback. If you can prove the item was delivered, or that you tried to work with the customer on a return, the billing company may rule in your favor and refuse the chargeback.

Conclusion

Drop shipping allows even the most inexperienced entrepreneur to get started quickly and easily. With little upfront work involved, you can **build your very own ecommerce store within minutes**, fully loaded with high-quality products that your customers will love.

As we've discussed in this guide, drop shipping does come with a few hurdles that you may need to be prepared for. However, if you use the strategies we've covered in this special report, you can significantly reduce the number of returns, and make the process easier for both you and your buyers.

Ultimately, the goal of any business is to build a loyal customer base that will continue to buy from you, right? The easiest way to do that is to ensure a **smooth customer experience** from start to finish. I hope this special report will help you do just that.

If you want to find out more about building a successful e-commerce business, here's a powerful resource I found that I don't want you to miss out on: https://training.dropshippulse.com/registration1

This special insider presentation will cover everything you need to know in order to build a profitable e-commerce business, including:

- **How to find the right products** to sell while automating your product research.

- **How to scale your business** to "real" income and not a hobby business.

- **Two secret weapons** that **no other tool in the market has** that will allow your business to scale faster.

- **And much, much more!**

The webinar is absolutely free, however seats are filling up fast, so you'll want to make sure to reserve your spot quickly.

Here's the link again:

https://training.dropshippulse.com/registration1

I wish you the best of luck with your e-commerce business!

Resources

For your convenience, here are links to some of the resources found in this guide.

Free Drop Shipping Webinar:

>> https://training.dropshippulse.com/registration1

Drop Ship Pulse:

>> https://dropshippulse.com/

Returnly

>> http://www.returnly.com